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**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Statement of Financial Position**  
**as at 30 June 2015**

	Notes	2015 Actual R	2014 Restated R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>			
Accumulated surplus	1/2	580 223 562	579 727 553
		<b>580 223 562</b>	<b>579 727 553</b>
<b>Non-current liabilities</b>			
Provision for post retirement medical benefits	3	14 778 000	13 475 000
Provision for long service awards	4	2 660 000	2 499 000
Provision for refuse site rehabilitation	5	5 178 133	3 496 921
Finance lease liability	10	4 970 224	128 105
Provision for staff leave	15	5 624 755	5 232 559
		<b>33 211 112</b>	<b>24 831 585</b>
<b>Current liabilities</b>			
Current portion for provision for post retirement medical benefits	3	686 000	634 000
Current portion for provision for long service awards	4	259 000	390 000
Operating lease liability	9	11 049	16 069
Current portion of finance lease liability	10	1 285 826	158 636
Unspent conditional grants and receipts	8	11 764 478	7 966 049
Accounts Payable from exchange transactions	7	36 508 587	31 125 881
		<b>50 514 940</b>	<b>40 290 635</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>663 949 615</b>	<b>644 849 772</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11/44	491 637 073	496 896 840
Investment property	12	26 207 045	26 745 650
Intangible assets	13	101 002	142 052
Heritage assets	14	170 000	170 000
		<b>518 115 119</b>	<b>523 954 542</b>
<b>Current assets</b>			
Operating lease asset	9	457 230	547 720
Consumer receivables	16	29 255 388	31 105 376
Other receivables	17	5 121 347	5 081 979
Value added taxation	18	649 600	1 130 992
Cash and cash equivalents	19	91 818 431	65 072 026
Investments	20	18 532 500	17 957 136
		<b>145 834 496</b>	<b>120 895 229</b>
<b>TOTAL ASSETS</b>		<b>663 949 615</b>	<b>644 849 772</b>

**Statement of Financial Performance**

**For the year ended 30 June 2015**

	Notes	2015 Actual R	2014 Restated R
<b>REVENUE</b>			
<b>Revenue from Non Exchange Transactions</b>			
Property rates	21	66 636 851	62 826 992
Property rates - penalties and collection charges		2 354 370	2 139 550
Fines		1 107 570	1 735 626
Licences and permits		5 625 441	5 826 574
Government grants and subsidies	23	69 578 466	75 221 713
Decrease in contribution to provisions	28		6 755 260
<b>Revenue from exchange transactions</b>			
Service charges	22	7 197 343	7 373 125
Rental of facilities and equipment		4 452 671	5 552 837
Finance Income		5 847 967	5 046 468
Other income	24	4 370 691	4 559 059
<b>TOTAL INCOME</b>		<b>167 171 370</b>	<b>177 037 204</b>
<b>EXPENDITURE</b>			
Employee related costs	25	61 649 616	58 355 256
Remuneration of Councillors	26	6 295 923	5 688 054
Depreciation / amortisation	12/13/44	29 416 581	29 897 057
Repairs and maintenance		6 385 348	5 555 691
Finance cost	27	273 147	1 816
Contracted services	30	15 554 079	20 102 795
General expenses	31	38 635 225	34 360 463
Contributions to Provisions	28	6 958 667	4 257 459
<b>TOTAL EXPENDITURE</b>		<b>165 168 586</b>	<b>158 218 590</b>
<b>SURPLUS FOR THE YEAR</b>		<b>2 002 784</b>	<b>18 818 614</b>

**Statement of Changes in Net Assets**

**as at 30 June 2015**

	Notes	Accumulated surplus/ (deficit) R
<b>2014</b>		
<b>Balance at 1 July 2013</b>		562 717 210
Surplus for the year	1	18 314 276
Assets disposals related to housing operating account	1	-672 160
Transfers to accumulated surplus	1	627 970
Prior year recognition of Creditor	1	-1 251 024
Prior year correction of accumulated depreciation	1	-80 399
Asset gains	1	71 680
<b>Balance at 30 June 2014</b>		<b>579 727 553</b>
<b>2015</b>		
<b>Balance at 01 July 2014</b>		579 727 553
Surplus for the year	1	809 403
Assets disposals related to housing operating account	44	-384 090
Transfers to accumulated surplus	1	-
Asset Gains	44	70 697
<b>Balance at 30 June 2015</b>		<b>580 223 562</b>

**Cash Flow Statement**  
**as at 30 June 2015**

		2015 Actual	2014 Restated
	Notes	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash Receipts</b>			
Property rates		69 736 119	65 554 521
Government grants and subsidies		73 376 895	57 626 853
Service charges		8 783 829	10 047 367
Other receipts		15 607 495	18 119 138
<b>Cash Payments</b>			
Employee related costs		-67 945 539	-64 043 310
Contracted services		-15 554 079	-20 102 795
General expenses		-35 588 271	-40 834 427
<b>Cash generated from / (utilised in ) operations</b>	32	48 416 450	26 367 347
Finance Income		5 847 967	5 046 468
Finance Cost		-273 147	-1 816
<b>Net Cash from / (utilised in ) operating activities</b>		<b>53 991 270</b>	<b>31 411 999</b>
<b>CASH FLOWS FROM / (UTILISED IN) INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	44	-26 669 500	-34 473 332
Purchase of Investment Property	12	-	-
Purchase of Intangible Assets	13	-	-67 278
Proceeds on disposal of property, plant and equipment	32	-	43 502
(Increase) / Decrease in Investments	20	-575 364	-1 035 319
<b>CASH (UTILISED IN) / GENERATED FROM INVESTING ACTIVITIES</b>		<b>-27 244 864</b>	<b>-35 532 427</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans (repaid) /raised		-	-17 372
<b>Net cash generated from / (utilised in ) financing activities</b>		<b>-</b>	<b>-17 372</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>26 746 405</b>	<b>-4 137 800</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	19	65 072 026	69 209 826
Cash and cash equivalents at the end of the year	19	91 818 431	65 072 026
		<b>26 746 404</b>	<b>-4 137 800</b>

**UMDONI MUNICIPALITY**  
**Statement of Comparison of Budget and Actual Information**  
**as at 30 June 2015**

	Original Budget	Budget Adjustments	Adjusted Budget	Virement (i.t.o. Council approved policy)	Final budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Explanation for unauthorised expenditure (refer to note 36 for further info)
<b>Financial Performance</b>										
Property rates	67 075 333	25 510	67 100 843		67 100 843	66 636 851	-463 992	99%	99%	
Property rates - Penalties	1 000 000		1 000 000		1 000 000	2 354 370	1 354 370	235%	235%	
Service charges - Refuse Removal	7 780 143	-	7 780 143		7 780 143	7 197 343	-582 800	93%	93%	
Rental of facilities and equipment	5 036 926	-732 470	4 304 456		4 304 456	4 452 671	148 215	103%	88%	
Interest Earned	3 650 000	500 000	4 150 000		4 150 000	5 847 967	1 697 967	141%	160%	
Fines and Penalty Income	582 000	65 000	647 000		647 000	1 107 570	460 570	171%	190%	
Licences and permits	5 405 250	-600 250	4 805 000		4 805 000	5 625 441	820 441	117%	104%	
Transfers recognised - operational	52 353 000	-62 000	52 291 000		52 291 000	52 846 309	555 309	101%	101%	
Other own revenue	8 060 837	-2 343 176	5 717 661		5 717 661	4 370 691	-1 346 970	76%	54%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>150 943 489</b>	<b>-3 147 386</b>	<b>147 796 103</b>		<b>147 796 103</b>	<b>150 439 213</b>	<b>2 643 110</b>	<b>102%</b>	<b>100%</b>	
Employee Related Costs	64 940 994	-1 839 043	63 101 951	-1 313 564	61 788 387	61 649 616	-138 771	100%	95%	N/A
Remuneration of Councillors	6 259 849	131 064	6 390 913	-90 000	6 300 913	6 295 923	-4 990	100%	101%	N/A
Depreciation	24 769 598		24 769 598	5 230 402	30 000 000	29 416 581	-583 419	98%	119%	N/A
Repairs and maintenance	6 299 400	-122 009	6 177 391	503 609	6 681 000	6 385 348	-295 652	96%	101%	N/A
Interest paid	19 187	350 000	369 187	-75 000	294 187	273 147	-21 040	93%	1424%	N/A
Contracted services:	16 081 000	666 906	16 747 906	-750 535	15 997 371	15 554 079	-443 292	97%	97%	N/A
General expenses:	30 750 062	854 167	31 604 229	7 395 159	38 999 388	38 635 225	-364 163	99%	126%	N/A
Contributions	21 189 600	-3 188 471	18 001 129	-10 900 071	7 101 058	6 958 667	-142 391	98%	33%	N/A
<b>Total Expenditure</b>	<b>170 309 690</b>	<b>-3 147 386</b>	<b>167 162 304</b>	<b>-</b>	<b>167 162 304</b>	<b>165 168 586</b>	<b>-1 993 718</b>	<b>99%</b>	<b>97%</b>	
<b>Surplus/(Deficit)</b>	<b>-19 366 201</b>		<b>-19 366 201</b>		<b>-19 366 201</b>	<b>-14 729 374</b>	<b>4 636 828</b>			
Transfers recognised - capital	19 367 000		19 367 000		19 367 000	16 732 157	-2 634 843	86%	86%	
Contributions recognised - capital & contributed assets					-					
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>799</b>		<b>799</b>		<b>799</b>	<b>2 002 784</b>	<b>2 001 985</b>	<b>250661%</b>		
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>										
Transfers recognised - capital	18 398 650	5 179 957	23 578 607	-3 434 000	20 144 607	12 980 619	-7 163 988	64%	71%	
Borrowing	-	6 600 000	6 600 000	-737 000	5 863 000	5 863 000	-	100%	#DIV/0!	
Internally generated funds	15 094 600	-3 336 879	11 757 721		11 757 721	8 373 489	-3 384 232	71%	55%	
<b>Total sources of capital funds</b>	<b>33 493 250</b>	<b>8 443 078</b>	<b>41 936 328</b>		<b>37 765 328</b>	<b>27 217 108</b>	<b>-10 548 220</b>	<b>72%</b>	<b>81%</b>	
<b>Cash flows</b>										
Cash/cash equivalents at the beginning of the yr	93 238 335	-28 166 309	65 072 026		65 072 026	65 072 026	0	100%	70%	
Net cash from (used) operating	40 669 596	1 469 174	42 138 770		42 138 770	53 991 270	11 852 500	128%	133%	
Net cash from (used) investing	-29 493 250	-12 443 078	-41 936 328		-41 936 328	-27 244 864	14 691 464	65%	92%	
Net cash from (used) financing	-2 275 816	6 600 000	4 324 184		4 324 184	-	-4 324 184	0%		
<b>Cash/cash equivalents at the year end</b>	<b>102 138 865</b>	<b>-32 540 213</b>	<b>69 598 652</b>		<b>69 598 652</b>	<b>91 818 432</b>	<b>22 219 780</b>	<b>132%</b>	<b>90%</b>	

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Accounting Policies**  
**for the year ended 30 June 2015**

**1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005

GRAP 20 Related Party Disclosures (Revised)

GRAP 32 Service Concession Arrangements - issued August 2013

GRAP 105 Transfers between entities under common control - issued November 2010

GRAP 106 Transfers between entities not under common control - issued November 2010

GRAP 107 Mergers - issued November 2010

GRAP 108 Statutory Receivables - issued September 2013

The Minister of Finance announced that the application of the revised GRAP 5 and GRAP 100 will be effective for period starting after 1 April 2014. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

**1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY**

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2015 the municipality has adopted the accounting framework as set out in point 1 above except as excluded by the applicable Directives. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

(a) is required by a Standard of GRAP: or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

**1.2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS**

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

**1.2.1 Revenue Recognition**

Accounting Policy 11 on *Revenue from Exchange Transactions* and Accounting Policy 12 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

## Accounting Policies

### for the year ended 30 June 2015

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GRAP 23: *Revenue from Non-Exchange Transactions* (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### 1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgment by management. Accounting Policy 7.1 on Financial Assets Classification and Accounting Policy 7.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

#### 1.2.3 Impairment of Financial Assets

Accounting Policy 7.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments* and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

#### 1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policy 3, the municipality depreciates over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

#### 1.2.5 Impairment: Write down of Property, Plant and Equipment and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and where relevant write down of Inventories to Net Realisable Values.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of Cash generating Assets* and GRAP 26: *Impairment of non-Cash generating Assets*.

#### 1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 19, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 3 and 4 to the Annual Financial Statements.

### 1.3 PRESENTATION OF CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

### 1.4 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis.



**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Accounting Policies**  
**for the year ended 30 June 2015**

**2 HOUSING DEVELOPMENT FUND**

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area.

**3 PROPERTY, PLANT AND EQUIPMENT**

The municipality has complied with the relevant standards relating to the measurement and recognition of Property, Plant and Equipment after taking into consideration the various guidance's and best practices issued in relation to the above.

**3.1 Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

When significant components of an item of property, plant and equipment have different useful lives at the description of management, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Accounting Policies**  
**for the year ended 30 June 2015**

**3.2 Subsequent measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or forgone is included in surplus or deficit when the compensation becomes receivable.

**3.3 Depreciation**

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

The following average rates of depreciation are used per category

Category of Asset	Years
Cemeteries	30
Computer Equipment	5
Dwellings	30
Electricity	25-30
Furniture and office equipment	5-15
Machinery and equipment	4-15
Non residential structures	30
Storm water	40-50
Roads municipal asphalt surface	20
Roads municipal asphalt basis	50
Roads municipal concrete surface	30
Roads municipal concrete basis	50
Roads municipal gravel surface	10
Kerb and channels	50
Retaining walls	60
Pedestrian footpaths	30
Street lighting	35
Traffic signs	15
Landfill Site	55
Transport assets	7-15

**3.4 Work in Progress**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Accounting Policies**  
**for the year ended 30 June 2015**

**3.5 Infrastructure Assets**

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality.

**3.6 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**3.7 Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**4 Investment Property**

**4.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

**4.2 Subsequent Measurement**

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The useful lives per category of investment property are detailed below:

<b>Asset</b>	<b>Useful life</b>
Investment property	30

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Accounting Policies**  
**for the year ended 30 June 2015**

<b>4.3</b>	<b>Work in Progress</b>
Investment property under construction are recognised as Property, plant and equipment during construction. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.	

<b>4.4</b>	<b>Derecognition</b>
An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal	

<b>5</b>	<b>INTANGIBLE ASSETS</b>
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<b>5.1</b>	<b>Initial Recognition</b>
Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.	

<b>5.2</b>	<b>Subsequent Measurement - Cost Model</b>
After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.	

The useful lives per category of intangible assets are detailed below:

<b>Asset</b>	<b>Useful life</b>
Software	3

Intangible assets are annually assessed for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

<b>5.3</b>	<b>Derecognition</b>
Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.	

<b>6</b>	<b>HERITAGE ASSETS</b>
A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.	

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**6.1 Initial Recognition**

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

**6.2 Subsequent Measurement**

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

**6.3 Derecognition**

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

**7 FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

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Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist: and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

The fair values of financial instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**The effective interest rate method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

**Amortised cost**

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

**7.1**

**Financial Assets - Classification**

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

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Financial assets measured at fair value are financial assets that meet either of the following conditions:

- (a) derivatives;
- (b) combined instruments that are designated at fair value
- (c) instruments held for trading.
- (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

**Type of Financial Asset**

Short-term Investment Deposits – Financial asset at amortised cost

Bank Balances and Cash – Financial asset at amortised cost

Long-term Receivables – Financial asset at amortised cost

Consumer Debtors – Financial asset at amortised cost

Other Debtors – Financial asset at amortised cost

Investments in Fixed Deposits – Financial asset at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

**7.2**

**Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured at:

Financial liabilities measured at fair value or

Financial liabilities measured at amortised cost

Financial liabilities measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

**Type of Financial Liabilities**

Long term Liabilities - Financial liability at amortised cost

Other Creditors - Financial liability at amortised cost

Bank overdraft - Financial liability at amortised cost

Short-term Loans - Financial liability at amortised cost

Current portion of Long-Term Liabilities - Financial liability at amortised cost

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Financial liabilities that are measured at fair value financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term: derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**7.3 Initial and Subsequent Measurement**

**Financial Assets:**

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), and loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial asset at amortised cost

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with surplus and deficit recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

**Financial Liabilities:**

**Financial liabilities measured at fair value**

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

**Financial Liabilities measured at amortised cost**

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.



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**7.4 Impairment of Financial Assets**

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

**Financial assets carried at amortised cost**

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

**Impairment of Financial Assets measured at cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

**7.5 Derecognition**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

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If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

**8 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

**8.1 Credit Risk**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

**8.2 Liquidity Risk**

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 41.2 to the annual financial statements.

**9 INVENTORIES**

**9.1 Initial recognition**

Inventories comprise of consumable stores. Inventories are recognised at the weighted average method. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**9.2 Subsequent measurement**

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Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**10 REVENUE RECOGNITION**

**10.1 General**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

**11 REVENUE FROM EXCHANGE TRANSACTIONS**

**11.1 Service Charges**

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

**11.2 Pre-paid electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale.

**11.3 Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

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<b>11.4</b>	<b>Tariff charges</b>
	Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.
<b>11.5</b>	<b>Income from Agency services</b>
	Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.
<b>11.6</b>	<b>Sale of Goods</b>
	Revenue from the sale of goods is recognised when all the following conditions have been met: <ul style="list-style-type: none"> <li>- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.</li> <li>- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.</li> <li>- The amount of revenue can be measured reliably.</li> <li>- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.</li> <li>- The costs incurred or to be incurred in respect of the transaction can be measured reliably.</li> </ul>
<b>11.7</b>	<b>Rentals</b>
	Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.
<b>12</b>	<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>
	<p>Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.</p> <p>An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.</p> <p>A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.</p>
<b>12.1</b>	<b>Rates and Taxes</b>
	<p>Revenue from property rates is recognised in terms of the Municipal Property Rates Act and the Municipal Rates Policy.</p> <p>Revenue from property rates is recognised when the legal entitlement to this revenue arises.</p>
<b>12.2</b>	<b>Fines</b>
	Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably.

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Fines consist of spot fines and summonses. Revenue for fines is recognised when the fine is issued at the full amount of the receivable.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. An entity assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.

**12.3 Public contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

**12.4 Other Donations and Contributions**

Donations are recognised on a cash receipts basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

**12.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

**13 GOVERNMENT GRANTS AND RECEIPTS**

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable. VAT reclaimed from SARS has been recognised as revenue in accordance with MFMA Circular 48.

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

**14 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned:
- the principal locations affected:
- the location, function, and approximate number of employees who will be compensated for terminating their services:
- the expenditures that will be undertaken: and
- when the plan will be implemented: and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

**15 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value unless the purpose and nature of such investments are for capital appreciation purposes and not held for operational activities as deemed by management.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

**16 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**17 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), or is in contravention of the Municipality's or Municipal Entities' supply chain management policies as deemed by the Accounting Officer. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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**18 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain as deemed by the Accounting Officer and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**19 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

**19.1 Defined Benefit Plans**

**19.1.1 Post-retirement Health Care Benefits:**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

**19.1.2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

**19.2 Defined Contribution Plans**

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method.

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<b>20</b>	<b>DEPOSITS</b>
	<p>Deposits received by the municipality are in terms of the approved tariff of charges by Council. These mainly relate to the use of community facilities and verge deposits, amongst others</p> <p>Unidentified Direct Deposits relate to deposits made by the public into the municipality's bank account, which due to a lack of information made during the deposit process, cannot be traced to the relevant debtor. A register is maintained for all Unidentified Direct Deposits. Should all attempts prove fruitless in the identification of the relevant debtor and the amount remains unclaimed by the debtor after a time lapse of two years has occurred, these values are transferred to accumulated surplus.</p>
<b>21</b>	<b>OPERATING AND FINANCE LEASES</b>
	<p>Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life equal to the contract term. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance.</p>
<b>22</b>	<b>BUDGET COMPARATIVES</b>
	<p>The annual budget figures have been prepared in accordance with the GRAP 24 standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality. These figures are those approved by the Council at the beginning and during the year. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2014 to 30 June 2015.</p>
<b>23</b>	<b>PRIOR YEAR ADJUSTMENTS</b>
	<p>Restatements are effected to prior period comparatives resulting in the reclassification of prior period disclosure when the presentation or classification of items in the annual financial statements is amended. The nature and reason for the reclassification are disclosed.</p>
<b>24</b>	<b>VALUE ADDED TAXATION</b>
	<p>The municipality is registered with SARS for VAT on the cash basis in accordance with Section 15(2)(a) of the Value Added Tax Act, No. 81 of 1991.</p>
<b>25</b>	<b>EVENTS AFTER THE REPORTING DATE</b>
	<p>Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.</p>
<b>26</b>	<b>RELATED PARTIES</b>
	<p>Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.</p>



**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

**1 ACCUMULATED SURPLUS**

The following internal funds and reserves are ring-fenced within the accumulated surplus:

- Accumulated surplus due to the results of operations
- Housing Operating Account

**Total Accumulated Surplus**

2015	2014
R	R
566 784 965	560 613 122
13 438 597	19 114 431
<b>580 223 562</b>	<b>579 727 553</b>

The following illustrates the detail on the movement of internal funds and reserves during the financial period:

**2014**

**Balance at 1 July 2013**

Surplus for the year

Assets disposals related to housing operating account

Transfers to accumulated surplus

Prior year recognition of Creditor

Prior year correction of accumulated depreciation

Asset gains

**Balance at 30 June 2014**

**2015**

**Balance at 01 July 2014**

Surplus for the year

Assets disposals related to housing operating account

Transfers to accumulated surplus

Asset gains

**Balance at 30 June 2015**

Housing Operating Account	Accumulated Surplus/(Deficit) due to results of operations	Total Accumulated Surplus /(Deficit)
R	R	R
<b>20 290 929</b>	<b>542 426 281</b>	<b>562 717 210</b>
-504 338	18 818 614	18 314 276
-672 160	-	-672 160
-	627 970	627 970
-	-1 251 024	-1 251 024
-	-80 399	-80 399
-	71 680	71 680
<b>19 114 431</b>	<b>560 613 122</b>	<b>579 727 553</b>
<b>19 114 431</b>	<b>560 613 122</b>	<b>579 727 553</b>
-1 193 381	2 002 784	809 403
-384 090	-	-384 090
-4 098 362	4 098 362	-
-	70 697	70 697
<b>13 438 597</b>	<b>566 784 965</b>	<b>580 223 562</b>

**2 HOUSING DEVELOPMENT FUND**

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area.

Housing Development Fund

The Housing Development Fund is represented by the following assets and liabilities:

- Housing Fixed Assets
- Housing Rental Receivables
- Investments - External
- Bank and Cash

**Total Housing Development Fund Assets and Liabilities**

<b>13 438 596</b>	<b>19 114 431</b>
9 857 413	10 241 504
2 222 300	6 825 473
932 221	1 619 963
426 662	427 491
<b>13 438 596</b>	<b>19 114 431</b>

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**3 PROVISION FOR POST RETIREMENT MEDICAL BENEFITS**

Post-Employment Health Care Benefit Liability

**Total: Post Retirement Medical Aid Benefit Liability**

Less: Transfer to Current Provisions

**Net Post-Employment Health Care Benefit Liability**

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2015 by ZAQ Consultants and Actuaries, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members
- Continuation members

**Total**

The liability in respect of past service has been estimated to be as follows:

- In-service members
- Continuation members

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Key Health
- LA Health
- Samwumed
- Hosmed

The future service cost for the ensuing year is established to be R 703,000 whereas the interest-cost for the next year is estimated to be R 1,417,000 (2014: R 639,000 and R 1,263,000 respectively)

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

- Discount rate
- Health Care Cost Inflation Rate
- Net Effective Discount Rate
- Expected Retirement Age - Females
- Expected Retirement Age - Males

2015	2014
R	R
15 464 000	14 109 000
15 464 000	14 109 000
-686 000	-634 000
<b>14 778 000</b>	<b>13 475 000</b>
140	145
22	22
<b>162</b>	<b>167</b>
7 717 000	6 796 000
7 747 000	7 313 000
<b>15 464 000</b>	<b>14 109 000</b>
Yield Curve	8.94%
CPI + 1	8.05%
Yield Curve Based	0.82%
63	63
63	63

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

**Benefit Liability**

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost

Interest cost

Actuarial (gain)/loss recognised

The movement in the defined benefit obligation over the year is as follows:

**Balance at beginning of year**

Current service cost

Interest cost

Benefits paid

Recognised actuarial (gain)/loss

**Balance at end of year**

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

**Increase**

Effect on the aggregate of the current service cost and the interest cost

Effect on the defined benefit obligation

**Decrease**

Effect on the aggregate of the current service cost and the interest cost

Effect on the defined benefit obligation

The future service cost for the ensuing year is estimated to be R 639,000 whereas the interest-cost for the next year is estimated to be R 1,263,000

The history of experienced adjustments are as follows:

Present value of Defined Benefit Obligation

2015	2014
R	R
15 464 000	14 109 000
15 464 000	14 109 000
639 000	1 279 954
1 263 000	1 878 841
63 854	-9 914 055
1 965 854	-6 755 260
14 109 000	21 420 419
639 000	1 279 954
1 263 000	1 878 841
-610 854	-556 159
63 854	-9 914 055
15 464 000	14 109 000
2 429 000	2 280 000
17 893 000	16 353 000
1 980 000	1 603 000
13 484 000	12 285 000

2015	2014	2013	2012
R	R	R	R
15 464 000	14 109 000	21 420 419	19 717 007
15 464 000	14 109 000	21 420 419	19 717 007

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

	2015	2014																																	
	R	R																																	
Provision for Long Service Awards	2 919 000	2 889 000																																	
Total Provision for Long Service Awards	2 919 000	2 889 000																																	
Less: Transfer to Current Provisions	-259 000	-390 000																																	
<b>Net Long Service Awards liability</b>	<b>2 660 000</b>	<b>2 499 000</b>																																	
<p>A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Umdoni Municipality). The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2014 may become entitled to in future, based on an actuarial valuation performed at that date.</p> <p>The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2015 by ZAQ Consultants and Actuaries, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.</p> <p>The Long Service Awards plans are defined benefit plans. As at year end, 312 employees were eligible for Long Service Awards.</p> <p>The future service cost for the ensuing year is estimated to be R 301,000 whereas the interest-cost for the next year is estimated to be R 266,000</p> <p><b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b></p> <table> <tr> <td>Discount rate</td><td>Yield Curve</td><td>7.96%</td></tr> <tr> <td>Expected Rate of Salary Increase</td><td>CPI + 1</td><td>7.33%</td></tr> <tr> <td>Net Effective Discount Rate</td><td>Yield Curve Based</td><td>0.59%</td></tr> </table> <p><b>The amounts recognised in the Statement of Financial Position are as follows:</b></p> <table> <tr> <td>Present value of fund obligations</td><td>2 919 000</td><td>2 889 000</td></tr> <tr> <td><b>Net liability</b></td><td><b>2 919 000</b></td><td><b>2 889 000</b></td></tr> </table> <p><b>The amount recognised in the Statement of Financial Performance under employee related costs are as follows:</b></p> <table> <tr> <td>Current service cost</td><td>300 000</td><td>239 447</td></tr> <tr> <td>Interest cost</td><td>231 000</td><td>98 010</td></tr> <tr> <td>Actuarial loss/gain</td><td>-106 533</td><td>1 330 218</td></tr> <tr> <td><b>Total included in Employee Related Costs</b></td><td><b>424 467</b></td><td><b>1 667 675</b></td></tr> </table> <p><b>The movement in the defined benefit obligation over the year is as follows:</b></p> <table> <tr> <td><b>Balance at beginning of year</b></td><td><b>2 889 000</b></td><td><b>1 589 017</b></td></tr> <tr> <td>Current service cost</td><td>300 000</td><td>239 447</td></tr> </table>			Discount rate	Yield Curve	7.96%	Expected Rate of Salary Increase	CPI + 1	7.33%	Net Effective Discount Rate	Yield Curve Based	0.59%	Present value of fund obligations	2 919 000	2 889 000	<b>Net liability</b>	<b>2 919 000</b>	<b>2 889 000</b>	Current service cost	300 000	239 447	Interest cost	231 000	98 010	Actuarial loss/gain	-106 533	1 330 218	<b>Total included in Employee Related Costs</b>	<b>424 467</b>	<b>1 667 675</b>	<b>Balance at beginning of year</b>	<b>2 889 000</b>	<b>1 589 017</b>	Current service cost	300 000	239 447
Discount rate	Yield Curve	7.96%																																	
Expected Rate of Salary Increase	CPI + 1	7.33%																																	
Net Effective Discount Rate	Yield Curve Based	0.59%																																	
Present value of fund obligations	2 919 000	2 889 000																																	
<b>Net liability</b>	<b>2 919 000</b>	<b>2 889 000</b>																																	
Current service cost	300 000	239 447																																	
Interest cost	231 000	98 010																																	
Actuarial loss/gain	-106 533	1 330 218																																	
<b>Total included in Employee Related Costs</b>	<b>424 467</b>	<b>1 667 675</b>																																	
<b>Balance at beginning of year</b>	<b>2 889 000</b>	<b>1 589 017</b>																																	
Current service cost	300 000	239 447																																	

**UMDONI MUNICIPALITY**  
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**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

	2015	2014
	R	R
Interest cost	231 000	98 010
Benefits paid	-394 467	-367 692
Actuarial (gain)/losses recognised	-106 533	1 330 218
<b>Balance at end of year</b>	<b>2 919 000</b>	<b>2 889 000</b>
<b>The effect of a 1% movement in the assumed rate of salary inflation is as follows:</b>		
<b>Increase</b>		
Effect on the aggregate of the current service cost and the interest cost	224 000	579 000
Effect on the defined benefit obligation	3 143 000	3 106 000
<b>Decrease</b>		
Effect on the aggregate of the current service cost and the interest cost	201 000	489 000
Effect on the defined benefit obligation	2 718 000	2 695 000

	2015	2014	2013	2012
	R	R	R	R
<b>The history of experienced adjustments are as follows:</b>				
Present value of Defined Benefit Obligation	-2 919 000	-2 889 000	-1 589 017	-1 371 119
	-2 919 000	-2 889 000	-1 589 017	-1 371 119

**5 PROVISION FOR REFUSE SITE REHABILITATION**

In terms of the licencing of the landfill refuse sites, Council will incur rehabilitation costs of R5,178,131 determined at present value, to restore the sites. Provision has been made for an amount based on the present value of cost.

The costs of rehabilitating the refuse site have been estimated by the Council's external consulting engineers, Anderson Vogt Consulting, who control the operations carried out by the service provider. Council has to submit a rehabilitation plan to the Department of Water Affairs six months prior to closing the site.

Opening balance	3 496 921	3 019 958
Contribution to the Statement of Financial Performance	1 681 212	476 963
Closing balance	<b>5 178 133</b>	<b>3 496 921</b>

**6 MULTI EMPLOYER RETIREMENT BENEFITS**

Umdoni Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a triennial, biennial or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

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**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**Page 31

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**UMDONI MUNICIPALITY**  
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**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

**Total Operating Lease Arrangements**

Included in the above mentioned operating lease payments are the following major classes of leases, which are only significant collectively:

- Electronic equipment
- Properties

2015	2014
R	R
<b>1 475 582</b>	<b>1 052 760</b>
1 402 718	979 752
72 864	73 009
<b>1 475 582</b>	<b>1 052 761</b>

**10 FINANCE LEASES**

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years. The effective interest rate on Finance Leases is 9%.

The risks and rewards of ownership in respect of the Property, Plant and Equipment will transfer to the municipality at the conclusion of the agreement.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2015	2014	2015	2014
<b>Amounts payable under finance leases:</b>				
Within one year	1 791 714	177 869	1 285 826	158 636
In the second to fifth years, inclusive	5 803 147	133 402	4 970 224	128 105
Over five years	-	-	-	-
	<b>7 594 860</b>	<b>311 271</b>	<b>6 256 050</b>	<b>286 741</b>
Less: Future Finance Obligations	1 338 810	24 529		
<b>Present Value of Minimum Lease Obligations</b>	<b>6 256 050</b>	<b>286 742</b>		

The municipality has finance lease agreements for the following significant classes of assets:

(i) Vehicles

- Installments are payable monthly in arrears	R 467 185	R 467 185
- Average period	9	21
- Average effective interest rate, based on prime	9.00%	8.50%
- Average monthly installment	R 14 849.92	R 14 822.41

(ii) Equipment

- Installments are payable monthly in arrears	R 6 683 820.00
- Average period outstanding	54
- Average effective interest rate, based on prime	9.00%
- Average monthly installment	R 138 170.16

**11 PROPERTY, PLANT AND EQUIPMENT**

No property, plant and equipment have been pledged to secure borrowings of the municipality. Management has assessed the useful lives of all assets and the following change in accounting estimate was applied:

Increase in depreciation for the year

See also Note 44 for further detail.

<b>2 010 021</b>	<b>6 926 930</b>

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
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**12 INVESTMENT PROPERTY**

**Reconciliation of carrying value**

Carrying values at the beginning of the period

Cost

Accumulated depreciation

Depreciation

Acquisitions

Carrying value of disposals

Cost

Accumulated amortisation

**Carrying values at the end of the period**

Represented by

Cost

Accumulated depreciation

**Carrying values at the end of the period**

Analysis of Investment Property represented at Cost:

572 Park Rynie

1399 Scottburgh

328 Umzinto

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

2015	2014
R	R
<b>26 745 650</b>	<b>16 623 724</b>
28 307 185	17 656 497
-1 561 535	-1 032 773
-538 606	-548 914
	10 673 150
-	-2 309
-	-22 461
-	20 152
<b>26 207 045</b>	<b>26 745 650</b>
28 307 185	28 307 185
-2 100 141	-1 561 535
<b>26 207 045</b>	<b>26 745 650</b>
Rand Value	Approx Rental Income p.a
11 000 000	138 357
6 634 035	2 393 246
10 673 150	920 549
28 307 185	3 452 152

**13 INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

The movement in Intangible Assets is reconciled as follows:

**Carrying values at the beginning of the period**

Cost

Accumulated amortisation

Accumulated Impairment

Acquisitions

Amortisation

142 052	120 479
317 658	272 097
-175 471	-154 699
-135	
-	67 278
-41 005	-37 455

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Impairments

Carrying value of disposals

Cost

Accumulated Amortisation

Accumulated Impairment

**Carrying values at the end of the period**

Represented by

Cost

Accumulated amortisation

Accumulated impairments

**Carrying values at the end of the period**

The amortisation expense has been included in the line item "Depreciation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

2015	2014
R	R
-	-135
-45	-5 033
-421	-21 717
241	16 684
135	
<b>101 002</b>	<b>142 052</b>
317 237	317 658
-216 235	-175 471
	-135
<b>101 002</b>	<b>142 052</b>

**14 HERITAGE ASSETS**

At Cost less Accumulated Impairment Losses

**Carrying values at the beginning of the period**

Cost

**Carrying values at the end of the period**

Cost

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

170 000	170 000
170 000	170 000
170 000	170 000
170 000	170 000
170 000	170 000

**15 PROVISION FOR STAFF LEAVE**

Balance at beginning of the year

Contributions to provision

Actual leave paid for the year

**Balance at end of year**

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

5 232 559	5 204 077
1 296 804	978 115
-904 608	-949 633
<b>5 624 755</b>	<b>5 232 559</b>

**16 CONSUMER RECEIVABLES**

**Revenue from Non Exchange Transactions**

Rates

Rates penalties and collection charges

**Revenue from Exchange Transactions**

Refuse and penalties

Housing

Interest on housing

24 648 583	25 048 753
5 693 635	6 038 363
2 835 227	3 764 154
1 446 824	4 404 809
775 476	2 420 664

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	2015	2014
	R	R
Sundries	5 663 272	6 264 049
Less: Provision for bad debt	41 063 017 -11 807 632	47 940 792 -16 835 415
<b>Total Consumer Receivables</b>	<b>29 255 385</b>	<b>31 105 377</b>
Amounts written off as bad debts	6 618 115	1 854 038
As a percentage of total operating revenue	3.96%	1.04%
<b>Ageing of Consumer Debt as follows:</b>		
<b>Rates</b>		
Current ( 0 to 30 days)	1 366 310	1 924 049
31 to 60 days	833 025	920 002
61 to 90 days	528 267	765 038
91 to 120 days	444 712	693 206
121 days and over	21 474 915	20 745 624
	<b>24 647 229</b>	<b>25 047 919</b>
<b>Rates Penalties and collection charges</b>		
Current ( 0 to 30 days)	11 683	19 038
31 to 60 days	14 406	14 338
61 to 90 days	13 427	18 112
91 to 120 days	14 484	21 619
121 days and over	5 639 635	5 965 256
	<b>5 693 635</b>	<b>6 038 363</b>
<b>Housing</b>		
Current ( 0 to 30 days)	20 161	76 797
31 to 60 days	7 744	33 786
61 to 90 days	7 653	86 615
91 to 120 days	7 622	30 540
121 days and over	1 403 485	4 176 994
	<b>1 446 665</b>	<b>4 404 732</b>
<b>Interest on housing</b>		
Current ( 0 to 30 days)	1 949	-
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	-
121 days and over	773 527	2 420 664
	<b>775 476</b>	<b>2 420 664</b>
<b>Refuse and penalties</b>		
Current ( 0 to 30 days)	185 584	199 286
31 to 60 days	107 293	116 776
61 to 90 days	87 615	100 639
91 to 120 days	68 274	87 414
121 days and over	2 644 904	3 627 161
	<b>3 093 670</b>	<b>4 131 276</b>
<b>Sundries</b>		
Current ( 0 to 30 days)	2 249 189	3 691 285

**UMDONI MUNICIPALITY**  
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**Notes to the Annual Financial Statements**  
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31 to 60 days  
61 to 90 days  
91 to 120 days  
121 days and over

Total consumer ageing  
Less: Provision for bad debts  
Less: VAT included in age analysis

**Total Consumer Receivables**

***Reconciliation of Provision for Bad Debts on Consumer Receivables***

Balance at beginning of the year  
Contributions to provision  
Write offs against provision

**Balance at end of year**

Management has considered the effects of any impairment in the values of outstanding receivables and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding debt.

2015	2014
R	R
94 656	137 143
100 581	51 925
30 813	69 643
3 522 428	2 887 708
<b>5 997 667</b>	<b>6 837 704</b>
41 654 342	48 880 658
-11 807 632	-16 835 415
-591 322	-939 867
<b>29 255 388</b>	<b>31 105 376</b>
16 835 415	17 554 747
1 590 332	1 134 706
-6 618 115	-1 854 038
<b>11 807 632</b>	<b>16 835 415</b>

**17 OTHER RECEIVABLES**

Sundry receivables  
Ugu District Municipality

Less: Provision for bad debt

**Total other receivables**

***Reconciliation of Provision for Bad debt on Other receivables***

Balance at beginning of the year

**Balance at end of year**

Management have considered the effects of any impairment in the values of outstanding receivables and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings receivables.

46 552	7 184
5 075 295	5 075 295
5 121 847	5 082 479
-500	-500
<b>5 121 347</b>	<b>5 081 979</b>
-500	-500
-500	-500

**18 VALUE ADDED TAXATION RECEIVABLE**

Value added taxation receivable

Value added taxation is payable on the cash basis. Only once payment has been received is Value added taxation paid over to SARS.

<b>649 600</b>	<b>1 130 992</b>
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**19 CASH AND CASH EQUIVALENTS AND OVERDRAFT**

The Municipality has the following bank accounts:  
**The following primary bank account is maintained in terms of the Local Government: Municipal Finance Management Act:**

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**UMDONI MUNICIPALITY**  
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**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 168 8

Current account:

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

The following housing bank accounts are maintained in terms of memorandums of agreement with the Department of Housing:

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 432 9

Umdoni Municipality Housing Account

Cash book balances at beginning of year

Cash book balances at end of year

Bank statement balances at beginning of year

Bank statement balances at end of year

Summary:

**Cash book balance at beginning of year**

**Cash book balance at end of year**

**Bank statement balance at beginning of year**

**Bank statement balance at end of year**

**CASH ON HAND:**

Petty Cash

Floats

**Total Bank and Cash**

**CALL ACCOUNTS**

Standard Bank of SA Ltd

Absa

Nedbank

First National Bank

**Total call accounts**

**Total Cash and Cash Equivalents**

**20 INVESTMENTS**

Fixed Deposit

Current Investments are investments with a maturity period of 12 months and earn interest annually.

**21 PROPERTY RATES**

**Actual income**

Residential

Agriculture

Commercial and Other

Less: Adjustments

2015	2014
R	R
5 187 404	789 195
4 225 536	5 187 404
5 505 165	2 128 812
4 302 860	5 505 165
427 491	87 429
426 661	427 491
409 588	87 429
426 565	409 588
5 614 895	1 202 378
<b>4 652 197</b>	<b>5 614 895</b>
5 914 753	2 541 966
4 729 425	5 914 753
5 000	5 000
2 300	2 500
<b>7 300</b>	<b>7 500</b>
<b>4 659 497</b>	<b>5 622 395</b>
37 237 183	12 760 029
14 265 215	13 572 767
19 605 879	17 904 136
16 050 657	15 212 698
<b>87 158 933</b>	<b>59 449 631</b>
<b>91 818 431</b>	<b>65 072 026</b>
<b>18 532 500</b>	<b>17 957 136</b>
60 817 304	56 379 317
608 810	923 419
15 712 043	17 397 549
-1 097 450	-4 292 940

**UMDONI MUNICIPALITY**  
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	2015	2014
	R	R
Less: Rebates	-9 403 857	-7 580 353
<b>Total assessment rates</b>	<b>66 636 850</b>	<b>62 826 992</b>
<b>Property valuations</b>	<b>9 979 621 200</b>	<b>9 869 495 652</b>
<b>Non rateable valuations</b>	<b>316 256 000</b>	<b>185 022 348</b>
The last general valuation for Umdoni came into effect on:	01 July 2012	01 July 2012
<b>Randages in terms of the Municipal Property Rates Act:</b>		
Residential	0.00867	0.00826
Commercial, Business and Industrial	0.01160	0.01105
Agricultural Property	0.00217	0.00206
Public Service Infrastructure, Public Benefit Organisations	0.00217	0.00210
Vacant Industrial, Commercial and Other	0.02183	0.02183
<b>Rebates on these rates are allowed on the following basis:</b>		
Special Residential (excluding vacant land)	75 000	75 000
Vacant Property	15 000	15 000
Disabled Persons, Pensioners, Indigent Persons as defined in the Indigent Policy	370 000	370 000
Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2012.		
Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.		
Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.		
<b>22 SERVICE CHARGES</b>		
Refuse removal	7 197 343	7 373 125
	<b>7 197 343</b>	<b>7 373 125</b>
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
<b>23 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<i>Operational Grants:</i>		
Equitable share	43 638 000	32 963 000
Provincial Grants	7 948 808	7 605 036
Ugu District Municipality	-	38 654
National Treasury	17 991 658	34 615 022
<b>Total Government Grant and Subsidies recognised</b>	<b>69 578 466</b>	<b>75 221 713</b>
Refer to appendix F for the movement of all relevant grants		
Refer to note 9 for information regarding unspent conditional grants		
<b>24 OTHER INCOME</b>		
The amounts disclosed below for Other Revenue are in respect of services, other than described in Notes 21 to 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
Building plan fees	415 074	188 367
Insurance recovery	15 905	28 461

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**for the year ended 30 June 2015**

	2015	2014
	R	R
Inspections	199 855	97 587
Shared Fire services income	201 269	1 286 450
Plot clearing	13 509	11 535
Rates certificates	123 568	110 274
Signage	93 683	57 092
Sale of tender documents	405 973	249 397
Subdivisions, rezoning and town planning	95 842	35 939
Electricity Income	593 141	654 893
Legal Fees Income	321 615	468 027
Proceeds from sale of assets	-	43 501
Sundry income	1 891 257	1 327 538
	<b>4 370 691</b>	<b>4 559 061</b>

**25 EMPLOYEE RELATED COSTS**

Salaries and allowances	46 463 159	43 937 742
Contributions to UIF, pensions and medical aids	10 292 427	9 789 792
Travel, motor car, accommodation, subsistence and other allowances	276 004	161 678
Housing benefits and allowances	110 305	103 529
Overtime payments	1 588 106	1 666 884
Bonuses	2 919 615	2 695 631
	<b>61 649 616</b>	<b>58 355 256</b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	915 624	874 112
Performance Bonus	84 300	49 906
Leave Paid	-	-
	<b>999 924</b>	<b>924 018</b>
<b>Remuneration of the Manager: Financial Services (Jul 2014- Jan 2015)</b>		
Annual Remuneration	455 632	745 800
Performance Bonus	64 800	36 000
Leave Paid	90 483	-
	<b>610 915</b>	<b>781 800</b>
<b>Remuneration of the Manager: Technical Services (Nov 2014- Jun 2015)</b>		
Annual Remuneration	485 280	686 460
Performance Bonus	-	36 000
Leave Paid		74 878
	<b>485 280</b>	<b>797 339</b>
<b>Remuneration of the Manager: Community Services</b>		
Annual remuneration	715 120	458 613
Performance bonus	47 600	34 000
	<b>762 720</b>	<b>492 613</b>
<b>Remuneration of the Manager: Corporate Services (Dec 2014- Jul 2015)</b>		
Annual remuneration	347 101	297 417
Performance bonus	-	34 000
Leave Paid		79 205
	<b>347 101</b>	<b>410 621</b>
<b>Remuneration of the Manager: Planning and Development</b>		
Annual Remuneration	760 368	714 400



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**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

	2015	2014
	R	R
Performance bonus	42 432	34 000
	<b>802 800</b>	<b>748 400</b>
<b>26 REMUNERATION OF COUNCILLORS</b>		
Mayor's allowance	750 050	707 503
Deputy Mayor's allowance	607 747	565 308
Speaker's allowance	607 747	565 342
Executive councillor allowance	571 500	531 146
Part Time Councillors' allowances	3 758 878	3 318 755
	<b>6 295 923</b>	<b>5 688 054</b>
The Mayor, Deputy Mayor, Speaker and one Executive Councillor are full time and have an office and secretarial support at the cost of the Council		
The Mayor has the use of a Council vehicle for official duties		
<b>27 FINANCE COSTS</b>		
Finance Lease	273 147	1 816
Total finance costs on external borrowings	<b>273 147</b>	<b>1 816</b>
<b>28 CONTRIBUTIONS TO PROVISIONS</b>		
<b>Increase in contributions:</b>		
Contribution to Bad Debt Provision	1 590 332	1 134 706
Contribution to Leave Provision	1 296 804	978 115
Contribution to Long Service Awards	424 467	1 667 675
Contribution to Refuse Site Rehabilitation	1 681 212	476 963
Contribution to Post Employment Medical Aid	1 965 854	-
	<b>6 958 669</b>	<b>4 257 459</b>
<b>Decrease in contributions:</b>		
Contribution to Post Employment Medical Aid	-	-6 755 260
	<b>-</b>	<b>-6 755 260</b>
<b>29 AUDITOR'S REMUNERATION</b>		
Audit fees	1 433 717	1 418 947
<b>30 CONTRACTED SERVICES</b>		
Fixed asset register and verification	424 244	429 674
Verge Contract maintenance	4 056 803	2 549 300
Refuse site maintenance	2 926 453	3 432 862
Security	2 565 263	2 921 260
Lifeguard services	812 721	768 038
Meshing fees	1 248 982	1 167 273
Computer support	716 958	447 646
Contribution to Salga	613 590	646 757

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

Beach Cleaning  
Other contracted services

2015	2014
R	R
1 430 009	1 687 130
759 056	6 052 855
<b>15 554 079</b>	<b>20 102 795</b>

**31 GENERAL EXPENSES**

Electricity and water  
Alternate electricity  
Fuel  
Telecommunication  
Printing and stationery  
Insurance  
Audit fees  
Special Programmes  
Workmens Compensation  
Drivers licences  
SETA Training Programmes and Skills Levies  
Machinery leases  
Tourism Contribution  
Annual report  
Legal expenses  
Valuation appeals board  
Impairment Loss  
Protective clothing  
Public Participation  
Contribution to SALGA  
Land Use Management System  
Beach Corridor Development  
Other general expenses

6 614 108	6 175 687
2 398 628	2 463 984
3 744 800	4 014 359
998 131	1 031 277
1 095 248	1 099 211
708 584	671 032
1 433 717	1 418 947
1 134 859	866 299
569 660	585 027
631 124	437 991
73 654	340 454
786 072	520 274
220 000	270 000
56 000	167 117
1 139 235	1 063 932
61 757	42 340
2 318 227	748 846
486 644	542 207
217 698	661 676
613 590	646 757
229 295	248 773
347 800	521 700
12 756 394	9 822 577
<b>38 635 225</b>	<b>34 360 467</b>

**32 CASH GENERATED FROM (UTILISED IN) OPERATIONS**

Surplus for the year

2 002 784	20 323 262
<b>Adjustments for non cash transactions accounted for directly against income:</b>	
-1 193 381	-306 788
29 416 581	29 847 950
2 318 227	748 846
-	-43 501
515 721	199 206
-55 000	-1 946 072
<b>Capital charges:</b>	
273 147	1 816

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

*Investment income (operating account)*

**(INCREASE) / DECREASE IN WORKING CAPITAL**

(Increase) / decrease in inventory
(Increase) / decrease in receivables
(Increase) / decrease in other receivables
(Increase) / decrease in vat receivables
Increase / (decrease) in finance lease liability
Increase / (decrease) in operating lease liability
(Increase) / decrease in operating lease asset
Increase / (decrease) in creditors
Increase / (decrease) in unspent conditional grants
Increase / (decrease) in Provision for post employment medical aid
Increase / (decrease) in Provision for long service awards
Increase / (decrease) in Provision for refuse site rehabilitation
Increase / (decrease) in Provisions for staff leave

**Cash generated from (utilised in) operations**

**33 CONTINGENT LIABILITIES**

Guarantees Raised

The municipality is currently engaged in legal disputes with service providers for alleged outstanding payments

The municipality has not completed any employee job evaluations as prescribed in terms of the Salary and wage collective agreement between SALGA, IMATU and SAMWU - 27 July 2012. As a result the municipality is unable to measure, with sufficient reliability, the amount of such obligation for both the 30 June 2014 and 30 June 2015 year-ends.

**34 CAPITAL COMMITMENTS**

Commitments for capital expenditure

Approved and contracted for

Approved but not yet contracted for

This expenditure will be financed from:

Internal source - Revenue

External source - National government

**35 COUNCILLORS' ACCOUNTS IN ARREAR**

The following Councillor had an arrear account balance outstanding:

**At 30 June 2014**

Nil

2015	2014
R	R
-5 847 967	-5 046 468
<b>27 430 111</b>	<b>43 778 251</b>
<b>20 986 339</b>	<b>-17 410 903</b>
-	30 095
1 849 988	838 787
-39 368	-2 970
481 392	2 423 435
5 969 309	-145 753
-5 020	10 796
90 490	-422 507
5 382 706	2 958 066
3 798 429	-17 594 860
1 355 000	-7 311 419
30 000	1 299 983
1 681 212	476 963
392 196	28 481
<b>48 416 450</b>	<b>26 367 348</b>

184 030	184 030
3 605 875	-

15 690 871	22 690 323
55 084 000	16 850 000
<b>70 774 871</b>	<b>39 540 323</b>
23 532 541	13 987 633
47 242 330	25 552 690
<b>70 774 871</b>	<b>39 540 323</b>

Outstanding less than 90 Days	Outstanding more than 90 Days	Total
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-	-	-
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**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

	2015 R	2014 R
<b>At 30 June 2015</b>		
Nil	-	-
<b>36 MATERIAL UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>36.1 Material unauthorised expenditure</b>		
Opening balance	-	-
Unauthorised expenditure for the current year	-	2 509 411
Approved /condoned by Council as at 30 June	-	-2 509 411
Approved /condoned by Council subsequent to year end	-	-
Unauthorised expenditure	-	-
<b>36.2 Material fruitless and wasteful expenditure</b>		
Opening Balance	-	-
Fruitless and wasteful expenditure for the current year	134 459	-
Approved /condoned by Council	-	-
Recovered	-	-
Fruitless and wasteful expenditure	134 459	-
<b>36.3 Material irregular expenditure</b>		
Opening balance	16 436 104	20 090 084
Approved /condoned by Council	-22 069 446	-20 090 084
Irregular expenditure for the year	5 633 342	16 436 104
Irregular expenditure	-	16 436 104

**37 CORRECTION OF ERRORS**

The entries below detail the adjustments effected to the AFS in respect of the prior period: All corrections were carried out independently using the opening balances

	As previously reported 2014	Amount of correction 2014	Restated 2014
During the year certain assets were reclassified to Property, Plant and Equipment. The effect of these changes are as follows:			
Increase in Property, Plant and Equipment	496 336 925	141 809	496 478 734
Decrease in Investment Property	26 796 447	-50 797	26 745 650
Increase in Accumulated Depreciation PPE	113 583 968	27 391	113 611 359

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**Notes to the Annual Financial Statements**  
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		2015	2014
		R	R
Decrease in Depreciation IP	1 588 927	-27 391	1 561 536
Decrease in Heritage Assets	261 013	-91 012	170 001

	As previously reported 2014	Amount of correction 2014	Restated 2014
Sundry creditors were overstated with an invalid invoice. This amount was reversed in the year that the transaction occurred			
Increase in Accumulated Surplus	582 133 204	430 420	582 563 624
Decrease in VAT receivable	1 191 251	-60 259	1 130 992
Decrease in Accounts payable - Trade Creditors	29 232 902	-490 678	28 742 223

	As previously reported 2014	Amount of correction 2014	Restated 2014
Invoices raised in the prior year were overstated. These transactions were corrected in order to account for the value as per the contract			
Decrease in Consumer Receivables	31 975 895	-870 517	31 105 378
Decrease in Revenue from Exchange Transactions - Other Income	5 429 578	-870 517	4 559 061
Decrease in accumulated surplus	582 563 624	-870 517	581 693 107

	As previously reported 2014	Amount of correction 2014	Restated 2014
Workmans Compensation was not raised in the appropriate financial years			
Decrease in accumulated surplus	581 693 107	-1 836 052	579 857 055
Increase in General Expense	33 775 440	585 027	34 360 467
Increase in Accounts Payable	28 742 223	1 836 051	30 578 275

	As previously reported 2014	Amount of correction 2014	Restated 2014
Correction of accumulated depreciation based on projects completed			
Decrease in accumulated surplus	579 857 055	-129 505	579 727 550
Increase in Depreciation	29 847 950	49 106	29 897 056
Increase in accumulated Depreciation	113 611 359	129 505	113 740 864

**38 SECTION 36 DISCLOSURE IN ACCORDANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS**

The following amounts were incurred by the Municipality in accordance with Sec 36 of the Municipal Supply Chain Management Regulations. Detailed records of the transactions below are maintained by the municipality

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2015	2014
R	R

\* Expenditure of R 2 582 135 ( 2014 : R 6 800 144) relates to the Disaster Rehabilitation Programme. In order to expedite the rehabilitation of the damage incurred during the June 2008 floods, service providers were invited to register on disaster database, and requested to tender as the projects were being implemented.

\*Expenditure of R 971 411 (2014 : R 526 290) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services procured from a sole supplier.

\*Expenditure of R 1 470 890 (2014 : R 0) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services under emergency circumstances.

\*Expenditure of R 22 000 (2014 : R 1 485 653) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services (impracticable to follow the procurement process).

\*Expenditure of R 0 (2014 : R 700 214 ) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services supplied by a specialist provider.

**39 EVENTS AFTER REPORTING DATE**

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that will impact on the fair presentation of the annual financial statements.

**40 PARTICULARS OF TRANSACTIONS IN ACCORDANCE WITH S45 OF SUPPLY CHAIN REGULATIONS - RELATED PARTY TRANSACTIONS**

The Municipality did not conduct any business with any service provider that can be considered a related party

**41 FINANCIAL INSTRUMENTS AND RISK ANALYSIS**

**41.1 FINANCIAL ASSETS:**

In accordance with Grap 104 the Financial Assets of the municipality are classified as follows:

**Financial Assets**

**Classification**

**Current investments**

30 day deposits

Financial Assets at amortised cost

**Trade receivables from exchange transactions & non-exchange transactions**

Consumer debtors

Financial Assets at amortised cost

Other debtors

Financial Assets at amortised cost

**Bank, Cash and Cash Equivalents**

Bank Balances

Financial Assets at amortised cost

Cash on hand

At fair Value

**SUMMARY OF FINANCIAL ASSETS**

**Financial Assets at Amortised Cost:**

Trade receivables from consumers

29 255 385

32 695 227

Trade receivables from other debtors

5 121 347

5 081 979

Bank Balances

4 652 197

5 614 895

Notice Deposits

87 158 933

59 449 631

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

**Financial Assets at Fair Value:**

Cash on hand

**Total Financial Assets**

2015	2014
R	R
7 300	7 500
<b>126 195 163</b>	<b>102 849 232</b>

**41.2 FINANCIAL LIABILITIES:**

In accordance with Grap 104 the Financial Liabilities of the municipality are classified as follows :

**Financial Liabilities**

**Classification**

**Long-term Liabilities**

Annuity Loans

Financial liabilities at amortised cost

**Creditors**

Trade creditors

Financial liabilities at amortised cost

Payments received in advance

Financial liabilities at amortised cost

Deposits - other

Financial liabilities at amortised cost

Staff leave

Financial liabilities at amortised cost

Other creditors

Financial liabilities at amortised cost

**Current Portion of Long-term Liabilities**

Annuity Loans

Financial liabilities at amortised cost

**SUMMARY OF FINANCIAL LIABILITIES**

**Financial Liabilities at Amortised Cost:**

Long-term Liabilities

Annuity Loans

-

Long-term Liabilities

Finance Lease Liability

128 105

Deposits

Sundry Deposits

1 057 792

Creditors

Trade creditors

9 948 127

Creditors

Payments received in advance

4 712 962

Creditors

Staff leave

5 261 039

Creditors

Other creditors

13 514 022

Current Portion of Long-term Liabilities

Finance Lease Liability

158 637

Current Portion of Long-term Liabilities

Annuity Loans

-

**Total Financial Liabilities**

**48 389 392**

**34 780 684**

**41.3 RISK ANALYSIS**

The Municipality has reviewed and assessed the following main categories of risk as being immaterial

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**- Foreign currency risk**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**- Interest rate risk**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

		2015	2014
		R	R
Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.			
Investments/Bank, Cash and Cash Equivalents	The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with major institutions. No investments with a tenure exceeding twelve months are made.		
Trade and Other Receivables	Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.  There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.		

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

**42 BUDGET COMPARATIVES**

The budget is prepared on an accrual basis by nature classification. No adjustments were made to figures disclosed in the statement of financial performance in order to compare it to budgeted figures. The budget is prepared for the same period as the Annual Financial Statements (01 July - 30 June)

**43 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

**The following standards have been approved but are not yet effective:**



**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

2015	2014
R	R

**GRAP 18 – Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard has been approved on 10 July 2014 and effective from 01 April 2015

**GRAP 20 – Related party disclosures**

The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the Municipality is expected. This standard has been approved on 10 July 2014 and effective from 01 April 2015.

**GRAP 105 – Transfer of Function Between Entities Under common Control**

This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. The standard is only expected to have an impact on the Municipality in respect of any future transfers of functions. This standard has been approved on 10 July 2014 and effective from 01 April 2015.

**GRAP 106 – Transfer of Function Between Entities Not Under common Control**

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Municipality will enter into any such transactions in the near future. This standard has been approved on 10 July 2014 and effective from 01 April 2015.

**GRAP 107 – Mergers**

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future. This standard has been approved on 10 July 2014 and effective from 01 April 2015.

**GRAP 32 – Services Concession Arrangements**

This standard deals with the accounting for service concession arrangements by the grantor, a public sector entity. The grantor shall initially measure the service concession asset at its fair value. The impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. This standard does not yet have an effective date.

**GRAP 108 – Statutory Receivables**

This standard deals with accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables and requires measurement of statutory receivables at their transaction amount. The impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. This standard does not yet have an effective date.

**IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset**

The Standard of GRAP requires the grantor to recognise a service concession asset provided by the operator and an upgrade to an existing asset of the grantor if:

- the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- the grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the asset at the end of the term of the arrangement.

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

Note 44

Reconciliation of carrying value	Furniture & Office Equipment	Machinery & Equipment	Computer Equipment	Transport Assets	Solid Waste Disposal	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total
<b>Carrying values at 01 July 2014</b>	2 581 888	2 733 466	956 114	9 109 700	7 044 303	7 050 218	308 568 989	98 041 753	43 628 092	6 065 223	875 589	10 241 504	-	496 896 840
Cost/Revaluation	6 771 703	8 732 180	2 565 412	24 838 294	8 932 110	9 870 213	359 972 034	130 335 566	43 628 092	6 593 628	1 212 748	10 241 504	-	613 693 485
Cost	6 771 703	8 732 180	2 565 412	24 838 294	8 932 110	9 870 213	336 798 617	126 011 339	43 628 092	2 099 761	1 212 748	10 241 504	-	581 701 975
Assets under construction							23 173 417	4 324 227		4 493 867				31 991 510
Accumulated depreciation	-4 240 916	-5 705 723	-1 601 778	-15 369 919	-1 871 068	-2 819 995	-48 772 909	-32 336 096	-	-528 405	-337 159	-	-	-113 583 968
Based on cost	-4 240 916	-5 705 723	-1 601 778	-15 369 919	-1 871 068	-2 819 995	-48 772 909	-32 336 096	-	-528 405	-337 159	-	-	-113 583 968
Accumulated Impairment	-39 911	-292 991	-7 520	-358 675	-16 738	-	-3 048 241	-8 513	-	-	-	-	-	-3 772 590
Based on cost	-39 911	-292 991	-7 520	-358 675	-16 738	-	-3 048 241	-8 513	-	-	-	-	-	-3 772 590
Adjustment Prior Year	91 012	-	-	-	-	-	418 105	50 797	-	-	-	-	-	559 914
Cost	91 012						547 608	78 188						716 808
Accumulated depreciation							-129 503	-27 391						-156 895
Acquisitions	406 310	6 166 044	413 253	295 842	275 970	394 697	-	598 969						8 551 085
Additions Assets under construction	305 741						16 944 195	558 680		309 800				18 118 416
Asset Gains	22 775	29 506	10 462		7 954									70 697
Donations	30 975		24 025											55 000
Transfer of Completed Projects from Assets under construction							14 356 342	558 680						14 915 022
Depreciation	-700 699	-1 397 245	-335 188	-2 363 200	-295 826	-472 594	-17 190 166	-5 941 301	-	-92 361	-48 391	-	-	-28 836 971
Based on cost	-700 699	-1 397 245	-335 188	-2 363 200	-295 826	-472 594	-17 190 166	-5 941 301	-	-92 361	-48 391	-	-	-28 836 971
Carrying value of disposals	-35 451	-43 295	-12 497	-51 733	-	-	-361 628	-11 071	-	-	-	-384 092	-	-899 767
Cost	-562 452	-271 338	-160 687	-405 723			-764 179	-23 070				-384 092		-2 571 540
Accumulated depreciation	523 047	220 449	146 845	353 989			389 595	8 328						1 642 254
Impairment Loss	3 955	7 594	1 344				12 955	3 671						29 519
Impairment losses	-292	-31 789	-1 281	-6 185			-2 276 536	(2 144)						-2 318 227
<b>Carrying values at 30 June 2015</b>	2 305 506	7 456 685	1 054 889	6 984 424	7 032 401	6 972 321	303 097 000	93 244 886	43 628 092	5 972 862	827 199	9 857 413	-	488 433 679
Represented by														
Cost	6 760 323	14 656 391	2 852 466	24 728 413	9 216 034	10 264 911	350 938 388	127 224 106	43 628 092	2 099 761	1 212 748	9 857 413	-	603 439 046
Assets under construction	305 741	-	-	-	-	-	25 761 270	4 324 227	-	4 803 667	-	-	-	35 194 904
Accumulated depreciation	-4 418 568	-6 882 520	-1 790 120	-17 379 130	-2 166 895	-3 292 589	-65 702 983	-38 296 460	-	-620 766	-385 549	-	-	-140 935 579
Impairment losses	-36 249	-317 186	-7 458	-364 860	-16 738	-	-5 311 822	-6 986	-	-	-	-	-	-6 061 298
<b>Carrying values at 30 June 2015</b>	2 611 248	7 456 685	1 054 889	6 984 424	7 032 401	6 972 321	305 684 853	93 244 886	43 628 092	6 282 662	827 199	9 857 413	-	491 637 073

**Notes to the Annual Financial Statements**  
**for the year ended 30 June 2015**

Reconciliation of carrying value	Furniture & Office Equipment	Machinery & Equipment	Computer Equipment	Transport Assets	Solid Waste Disposal	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total
<b>Carrying values at 01 July 2013</b>	<b>2 671 769</b>	<b>3 818 812</b>	<b>1 197 691</b>	<b>9 928 301</b>	<b>7 251 183</b>	<b>7 553 735</b>	<b>264 634 975</b>	<b>96 554 302</b>	<b>43 628 092</b>	<b>1 663 713</b>	<b>924 006</b>	<b>10 913 664</b>		<b>450 740 243</b>
Acquisitions	321 934	197 080	228 544	2 147 745	135 750			1 572 996						4 604 049
Assets under construction	-	-	-	-	-	-	46 582 682	3 854 642		4 493 867	-	-	-	54 931 191
Asset Gains	48 583	11 010	12 087											71 680
Donations	234 198		6 572					1 705 303						1 946 072
Transfer of Completed Projects from Assets under construction														-
Depreciation	-725 890	-994 917	-420 546	-2 694 333	-286 702	-503 517	-17 236 949	-6 254 966	-	-92 357	-48 417	-	-	-29 258 595
Carrying value of disposals	-33 634	-33 759	-63 475	-21 808	-39 189	-	-	-	-	-	-	-672 160	-	-864 025
Impairment losses	-26 084	-264 761	-4 757	-250 206	-16 738		-186 165							-748 711
<b>Carrying values at 30 June 2014</b>	<b>2 490 875</b>	<b>2 733 466</b>	<b>956 114</b>	<b>9 109 699</b>	<b>7 044 303</b>	<b>7 050 218</b>	<b>293 794 542</b>	<b>97 432 277</b>	<b>43 628 092</b>	<b>6 065 223</b>	<b>875 589</b>	<b>10 241 504</b>	<b>-</b>	<b>481 421 904</b>
Prior Year Adjustments	91 012	-	-	-	-	-	418 105	50 797	-	-	-	-	-	559 914
Acquisitions	406 310	6 166 044	413 253	295 842	275 970	394 697	-	598 969	-	-	-	-	-	8 551 085
Additions Assets under construction	305 741	-	-	-	-	-	16 944 195	558 680	-	309 800	-	-	-	18 118 416
Asset Gains	22 775	29 506	10 462	-	7 954	-	-	-	-	-	-	-	-	70 697
Donations	30 975	-	24 025	-	-	-	-	-	-	-	-	-	-	55 000
Transfer of Completed Projects from Assets under construction	-	-	-	-	-	-	14 356 342	558 680	-	-	-	-	-	14 915 022
Depreciation	-700 699	-1 397 245	-335 188	-2 363 200	-295 826	-472 594	-17 190 166	-5 941 301	-	-92 361	-48 391	-	-	-28 836 971
Carrying value of disposals	-35 451	-43 295	-12 497	-51 733	-	-	-361 628	-11 071	-	-	-	-384 092	-	-899 767
Impairment losses	-292	-31 789	-1 281	-6 185	-	-	-2 276 536	-2 144	-	-	-	-	-	-2 318 227
<b>Carrying values at 30 June 2015</b>	<b>2 611 247</b>	<b>7 456 686</b>	<b>1 054 889</b>	<b>6 984 423</b>	<b>7 032 401</b>	<b>6 972 321</b>	<b>305 684 853</b>	<b>93 244 886</b>	<b>43 628 092</b>	<b>6 282 662</b>	<b>827 199</b>	<b>9 857 412</b>	<b>-</b>	<b>491 637 071</b>

**APPENDIX A : SCHEDULE OF EXTERNAL LOANS**

External loan	Interest rate	Period of loan	Balance as at 01 July 2014	Received during the year	Adjustments to correct the previous year	Redeemed/ written off during the year	Balance as at 30 June 2015	Short term Portion		2014 Interest accrued for the year
								2015	2015	
<b>Annuity Loans</b>							-			
<b>Total Annuity Loans</b>			-	-	-	-	-			
<b>TOTAL EXTERNAL LOANS</b>			-	-	-	-	-	-	-	-

APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Cost / Revaluation						Accumulated Depreciation				Accumulated Impairment						
	Opening	Prior	Additions/	Additions	Disposals	Closing	Opening	Prior	Depreciation for the year	Disposals	Closing	Opening	Impairments for the year	Disposals	Closing	Carrying	Carrying
	Balance	Year Adjustments	Donations/As set Gains	Assets Under Construction		Balance	Balance	Year Adjustments			Balance	Balance			Balance	Value - 2015	Value - 2014 Restated
Furniture and Office Equipment	6 771 703	91 012	460 060	305 741	-562 452	7 066 064	4 240 916	-	700 699	-523 047	4 418 568	39 911	292	-3 955	36 249	2 611 248	2 581 888
Machinery and Equipment	8 732 180	-	6 195 550		-271 338	14 656 391	5 705 723	-	1 397 245	-220 449	6 882 520	292 991	31 789	-7 594	317 186	7 456 685	2 733 466
Computer Equipment	2 565 412	-	447 741		-160 687	2 852 466	1 601 778	-	335 188	-146 845	1 790 120	7 520	1 281	-1 344	7 458	1 054 889	956 114
Transport Assets	24 838 294	-	295 842		-405 723	24 728 413	15 369 919		2 363 200	-353 989	17 379 130	358 675	6 185		364 860	6 984 424	9 109 700
Solid Waste Disposal	8 932 110	-	283 924		-	9 216 034	1 871 068		295 826	-	2 166 895	16 738	-		16 738	7 032 401	7 044 303
Dwellings	9 870 213	-	394 697		-	10 264 911	2 819 995	-	472 594	-	3 292 589		-		-	6 972 321	7 050 218
Roads	359 972 034	547 608	-	16 944 195	-764 179	376 699 658	48 772 909	129 503	17 190 166	-389 595	65 702 983	3 048 241	2 276 536	-12 955	5 311 822	305 684 853	308 568 989
Non Residential Dwellings	130 335 566	78 188	598 969	558 680	-23 070	131 548 332	32 336 096	27 391	5 941 301	-8 328	38 296 460	8 513	2 144	-3 671	6 986	93 244 886	98 041 753
Land	43 628 092	-				43 628 092	-				-					43 628 092	43 628 092
Cemetries	6 593 628	-		309 800		6 903 428	528 405		92 361		620 766					6 282 662	6 065 223
Electricity	1 212 748	-			-	1 212 748	337 159		48 391		385 549					827 199	875 589
Housing Schemes	10 241 504	-			-384 092	9 857 413	-				-					9 857 413	10 241 504
Work in Progress	-	-	-			-										-	-
	613 693 485	716 808	8 676 782	18 118 416	-2 571 540	638 633 950	113 583 968	156 895	28 836 971	-1 642 254	140 935 579	3 772 590	2 318 227	-29 519	6 061 298	491 637 073	496 896 840

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

## APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

[illegible]

**UMDONI MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**APPENDIX D : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

	<b>2015 Actual Income</b>	<b>2015 Actual Expenditure</b>	<b>2015 Surplus/ (Deficit)</b>	<b>2014 Actual Income</b>	<b>2014 Actual Expenditure</b>	<b>2014 Surplus/ (Deficit)</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Council General	43 643 400	14 136 978	29 506 422	32 967 637	12 290 905	20 676 732
Financial Services	79 332 535	20 643 811	58 688 724	82 683 026	16 656 461	66 026 565
Technical Services	25 508 575	72 061 076	-46 552 501	42 066 732	74 432 188	-32 365 456
Corporate Services	3 862 910	17 321 921	-13 459 011	4 780 292	15 018 829	-10 238 537
Community Services	13 620 762	33 896 439	-20 275 677	13 592 996	32 760 456	-19 167 460
Planning and Development	1 203 188	7 076 908	-5 873 720	946 521	7 059 751	-6 113 230
<b>Total</b>	<b>167 171 370</b>	<b>165 137 132</b>	<b>2 034 238</b>	<b>177 037 204</b>	<b>158 218 590</b>	<b>18 818 614</b>

**APPENDIX E1 : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) BY MUNICIPAL VOTE**

	Actual 2015 R	Budget 2015 R	Variance 2015 R	Variance 2015 %	Explanation for variances greater than 15%
<b>REVENUE</b>					
Council General	43 643 400	43 643 000	400	0.00%	
Financial Services	79 332 535	77 084 503	2 248 032	2.92%	
Technical Services	25 508 575	28 763 143	-3 254 568	-11.32%	
Corporate Services	3 862 910	4 174 456	-311 546	-7.46%	
Community Services	13 620 762	12 725 697	895 065	7.03%	
Planning and Development	1 203 188	772 304	430 884	55.79%	Additional income due to recognition of grant income not originally budgeted for
<b>Total Revenue</b>	<b>167 171 370</b>	<b>167 163 103</b>	<b>-8 267</b>	<b>0.00%</b>	
<b>EXPENDITURE</b>					
Council General	14 136 978	14 136 248	730	0.01%	
Financial Services	20 643 811	20 498 225	145 586	0.71%	
Technical Services	72 061 076	72 560 239	-499 163	-0.69%	
Corporate Services	17 321 921	17 631 531	-309 610	-1.76%	
Community Services	33 896 439	35 170 739	-1 274 300	-3.62%	
Planning and Development	7 076 908	7 165 323	-88 415	-1.23%	
<b>Total Expenditure</b>	<b>165 137 132</b>	<b>167 162 305</b>	<b>2 025 173</b>	<b>1.21%</b>	
<b>SURPLUS FOR THE YEAR</b>	<b>2 034 238</b>	<b>798</b>	<b>-2 033 440</b>		



**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**APPENDIX E2 : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) BY MUNICIPAL VOTE**

	Actual 2015 R	Budget 2015 R	Variance 2015 R	Variance 2015 %	Explanation for variances greater than 15%
Council General	23 254	25 000	-1 746	-6.98%	
Financial Services	83 649	96 666	-13 017	-13.47%	
Technical Services	24 043 571	33 299 282	-9 255 711	-27.80%	Underspending due to expensing of operational expenditure incorrectly classified as capital and projects rolled over to the next financial year
Corporate Services	461 492	1 160 240	-698 748	-60.22%	Underspending due to expensing of operational expenditure incorrectly classified as capital
Community Services	2 418 695	2 645 442	-226 747	-8.57%	
Planning and Development	186 446	538 698	-352 252	-65.39%	Underspending due to projects being put on hold
	27 217 107	37 765 328	-10 548 221	-27.93%	

**UMDONI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**APPENDIX F : DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Name of Grants	Name of organ of state or municipal entity	Balance 01 July 2014	Receipts	Expenditure	Balance 30 June 2015	Grants and Subsidies Delayed / Withheld / Returned	Reason for delay / withholding or returning of funds	Compliance with the grant conditions
Scottburgh library Cybercadet	KZN Arts and Culture	-64 447.00	-126 000	128 601	-61 846	Nil	NA	Yes
Seta	LG Seta	-	-98 896	98 896	-	Nil	NA	Yes
Finance management grant	National Treasury	-	-1 800 000	1 800 000	-	Nil	NA	Yes
Msig	National Treasury	-	-934 000	934 000	-	Nil	NA	Yes
Mig	National Treasury	2 509 411.00	-15 933 000	13 996 658	573 069	Nil	NA	Yes
Mig flood	National Treasury	-9 090 443.00	-	2 735 500	-6 354 943	Nil	NA	Yes
Malangeni library Cybercadet	KZN Arts and Culture	-77 244.00	-126 000	96 451	-106 793	Nil	NA	Yes
Umzinto library Cybercadet	KZN Arts and Culture	-45 594.00	-126 000	141 275	-30 319	Nil	NA	Yes
Library services	KZN Arts and Culture	-	-4 280 000	4 280 000	-	Nil	NA	Yes
Fresh produce market	KZN Cogta	-98 538.00	-	-	-98 538	Nil	NA	Yes
Park rynie industrial park	KZN Cogta	-222 908.00	-	-	-222 908	Nil	NA	Yes
Expanded public works program	National Treasury	-	-1 261 000	1 261 000	-	Nil	NA	Yes
Corridor development	KZN Cogta	-478 300.00	-	381 276	-97 024	Nil	NA	Yes
Shaymoya sportsfield	KZN Cogta	-264 244.00	-	86 810	-177 434	Nil	NA	Yes
Emergency relief	KZN Cogta	-133 741.00	-	-	-133 741	Nil	NA	Yes
Disaster Recovery Grant	KZN Cogta	-	-5 054 000	-	-5 054 000	Nil	NA	Yes
Equitable Share	National Treasury	-	-43 638 000	43 638 000	-	Nil	NA	Yes
		-			-	Nil	NA	Yes
		<b>-7 966 048</b>	<b>-73 376 896</b>	<b>69 578 466</b>	<b>-11 764 478</b>			